GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3439
ANSWERED ON:20.08.2004
ASSISTANCE TO DROUGHT HIT FARMERS
Deora Shri Milind Murli;Dhotre Shri Sanjay Shamrao;Gadakh Shri Tukaram Gangadhar;Gaikwad Shri Eknath Mahadeo

Will the Minister of FINANCE be pleased to state:

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(a) whether the State Government of Maharashtra and Governments of other drought hit States have approached the Union government seeking Central intervention for waiver of interest or club the loans and interest due thereon and convert it into long term loans to help out the drought hit farmers;

(b) if so, the details of such requests made by different State Governments;

(c) the reaction of the Government/NABARD/RBI; and

(d) the action taken by the Government thereon to help the farmers ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) & (b): Yes, Sir. The details of request made by the State Government of Maharashtra are as under:

(i) NABARD to permit the concerned banks to merge the interest due with the principal amount & convert the entire amount into fresh loans.

(ii) The NABARD may be directed to undertake refinancing to all banks on the basis of the converted principal amounts as a special case.

(iii) Conversion of the short term loans to medium term loans of five years with a moratorium for the first two years and repayment within the next three years.

(c) & (d) : In addition to the extant standing RBI guidelines to banks for providing relief to farmers in areas affected by natural calamities, the Government made an announcement on 18th June, 2004 envisaging the following relief measures:

(i) Debt restructuring/rescheduling and fresh loans for distressed farmers.

(ii) One Time Settlement (OTS) for small and marginal farmers.

(iii) Fresh credit to farmers whose earlier debts have been settled through compromise or write off.

(iv) Loans for farmers indebted to non-institutional lenders.
The RBI issued guidelines to Commercial Banks on 24th June, 2004 and National Bank for Agriculture & Rural Development (NABARD) to Rural Cooperatives & Regional Rural Banks on 29th June, 2004 to provide relief to farmers as per the announcement.